



ARIZONA CORPORATION COMMISSION

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Commission Halts Unregistered Investments that Cost Investors over \$7.8 million *Sanctions a Lake Havasu Stockbroker for Dishonest and Unethical Conduct*

PHOENIX, AZ—The Arizona Corporation Commission today sanctioned multiple individuals and their affiliated companies whose unregistered investment programs caused investors to lose over \$7.8 million. Also, the Commission revoked the securities registration of a Lake Havasu securities salesman who borrowed money from his brokerage clients, ordering him to pay restitution and penalties for his dishonest and unethical conduct. In total, the Commission ordered over \$7.8 in restitution and \$291,500 in administrative penalties.

John M. McNeil, Peter Pocklington, and Crystal Pistol Resources, LLC, et al.

The Commission ordered former Scottsdale resident John M. McNeil, California resident Peter Pocklington and their affiliated companies to pay \$5,149,316 in restitution and a \$100,000 administrative penalty for committing securities fraud in connection with a gold mining venture. The Commission found that, while not registered as securities salesmen or dealers in Arizona, respondents McNeil, Pocklington and their affiliated companies—Crystal Pistol Resources, LLC, Crystal Pistol Management, LLC, and Liberty Bell Resources I, LLC—told at least 120 investors that they had obtained mineral rights to a placer mine outside of Quartzite, Arizona, and would begin mining and processing gold on the site within a short period of time. The Commission found that the respondents obtained at least some investors by making unsolicited telephone calls to them and that some investors were taken to the mine site, which was located on U.S. Bureau of Land Management land. Additionally, the Commission found that Crystal Pistol prepared newsletters in which it claimed to be offering one of the most lucrative dividend plans in the mining business and that hedge funds and banks were interested in the project. The Commission found, however, that the estimates of gold resources on the respondents' website were not supportable with the methods currently available in the industry. In settling this matter, the respondents neither admitted nor denied the Commission's findings, but agreed to the entry of the consent order.

Casimer Polanchek

In a separate case, the Commission issued a default order against Casimer Polanchek of Chandler, ordering him to pay \$2,558,832 in restitution and a \$175,000 administrative penalty for defrauding investors with a promissory note scheme. The Commission found that Polanchek was the manager of Pangaea Investment Group, LLC, which was doing business as Arizona Investment Center. The Commission found that Polanchek was not registered as a securities salesman in Arizona when he fraudulently offered and sold promissory notes issued by Tri-Core Companies, LLC and C&D Construction Services, Inc. The Commission also found that Polanchek was jointly and severally liable as the control person of Pangaea for the promissory notes Pangaea fraudulently offered and sold issued by ERC Compactors, LLC and Tri-Core Companies, LLC. The Commission found that on multiple occasions Polanchek participated as a host or presenter on an Arizona radio program called "The Investment Roadshow," offering alternative investment opportunities and urging prospective investors to attend seminars and webinars about the alternative investments. The Commission found that, among the multiple, material omissions and misrepresentations made to investors, Polanchek or his company represented the alternative investments as being secured by property or equipment, but failed to provide any collateral or other mechanism to securitize the promissory notes.

Lynn R. Goldney

In another matter, the Commission revoked the securities registration of Lake Havasu resident Lynn R. Goldney for borrowing money from his brokerage clients, ordering him to pay \$98,835 in restitution and a \$10,000 administrative penalty. The Commission found that Goldney obtained 45 distinct loans from 26 of his customers, none of whom were family members or persons in the business of lending money to the public. Further, the Commission found that Goldney's activity constitutes dishonest conduct or unethical practices in the securities industry. In settling this matter, Goldney agreed to the entry of the consent order and admitted to the Commission's findings only for purposes of the administrative proceeding.

Robert R. Cottrell and RSC Adventures, LLC

A separate matter involved former Peoria resident Robert R. Cottrell and his affiliated company who agreed to pay a \$6,500 administrative penalty for offering and selling unregistered limited liability memberships in an oil and gas exploration and development company. The Commission found that Cottrell and his Arizona-based company, RSC Adventures, LLC, were not registered to offer or sell securities in Arizona when they sold to five investors—most of whom lived in Arizona—unregistered membership interests in SDC Montana Consulting, LLC, an Arizona-based oil and gas exploration and development company, which also procured the sale of oil, gas and mineral rights. In settling this matter, Cottrell neither admitted nor denied the Commission's findings, but agreed to the entry of the consent order.

More caution for investors:

Even when selling a legitimate product, some promoters do not recognize the investment program they have created is a security. Whether an alternative investment is a security is not always easy to determine and depends upon the unique facts and circumstances of the transaction and not on what a promoter calls the investment product. Even when investing with someone they know, investors should verify the registration of sellers and investment opportunities and investigate disciplinary histories by contacting the Arizona Corporation Commission's Securities Division at 602-542-4242 or toll free in Arizona at 1-866-VERIFY-9. The Division's investor education website also has helpful information at www.azinvestor.gov.

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